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SUBJECT: DUTCH MUSLIM BUSINESS COMMUNITY - A GUIDE

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¶1. (SBU) SUMMARY. The number of ethnic Muslim entrepreneurs and related business organizations in the Netherlands has increased significantly in recent years. Over the last few months, Emboffs have met with some of these organizations, as well as with traditional Dutch employer associations that deal with minority business issues, to get a better sense of developments in this area and the main problems faced by these groups. The following is a guide to the country's major ethnic Muslim business groups. END SUMMARY.

ETHNIC MUSLIM BUSINESS GROUPS

TURKS - FINDING THE RIGHT NETWORK

¶2. (SBU) Established in 1995, the Turkish entrepreneurs' association Annifer (www.annifer.nl) includes some 300 companies, most with 70 employees or less. Members are active in the food services, real estate, mortgage, insurance, and temporary employment services sectors. While about 95 percent are ethnic Turks, Annifer's members also include ethnic Moroccan and Dutch entrepreneurs. The association is rooted in Amsterdam but has branch offices in Rotterdam, Eindhoven, Utrecht, The Hague, and Tilburg. According to Managing Director Ahmet Taskan, Annifer is currently exploring the option of becoming registered as a Federation/Chamber of Commerce in order to attract larger companies and offer a greater variety of member services.

¶3. (SBU) Annifer's primary goals are to assist start-up companies by providing basic business support (including language services), information on Dutch business regulations, advice on gaining access to loans, and the establishment of sales networks. The key to success for most ethnic businesses, Taskan noted, is often finding the right network. Most Annifer members are focused on markets in the Netherlands and in Turkey, although some larger members are beginning to look at other export/import markets, including the U.S.

14. (SBU) The main problems faced by Annifer's members are poor Dutch language skills and a lack of knowledge of regulations affecting their businesses, Taskan explained. Regulations are often overly complex and burdensome for small ethnic or minority start-ups. Moreover, he argued, the enforcement of these regulations had become more rigid for ethnic Muslim businesses since 9/11. Few have the time or resources to ensure that their businesses are in compliance. As a result, many ethnic and minority businesses are being marginalized and some see the current business environment as openly "hostile" to small, non-Western entrepreneurs. With a more robust membership and under the umbrella of a Federation, Taskan was hopeful that Annifer could provide legal advice and greater administrative support to its members while also playing a larger role in lobbying the government for changes. Taskan, a Christian Democrats (CDA) faction leader in Utrecht, is also working to get his party leadership to focus on these issues.

MOROCCANS - MOVING INTO COMPETITIVE SECTORS

15. (SBU) In addition to his position as Managing Director at Van de Bunt Consultants, Ila Kasem sits on the boards of the Moroccan-Dutch Chamber of Commerce, the Moroccan Trade and Investment Center (www.hic-morocco.nl), and the Dutch-Moroccan Center for Trade Promotion, under the Netherlands Council for Trade Promotion (www.handelsbevordering.nl).

16. (SBU) While ethnic Turks represent the largest number of minority businesses in the Netherlands, Kasem said ethnic Moroccans were not far behind and their numbers continued to grow. Most Moroccan businesses were small, with a focus on exports and trade with Morocco. Last year, Kasem worked with Dutch Trade Minister Karien van Gennip to organize a trade mission to Morocco. However, the business community was beginning to shift from first-generation "mom and pop"

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style businesses (mostly in the food sector) to second-generation, well-educated entrepreneurs in more competitive production (e.g., flower exports) and information technology sectors. Many were now seeking trade opportunities outside the Netherlands and Morocco. Kasem expressed interest in pursuing a "minority" trade mission to the U.S.

17. (SBU) Kasem noted that the Netherlands' two largest cities -- Amsterdam and Rotterdam -- were becoming more dependent on minority workers to ensure economic growth. Nevertheless, ethnic Moroccans often found it difficult to gain access to entry-level positions and internships at Dutch businesses. An International Visitor Program alumnus, Kasem was impressed by small and minority business development programs in the U.S. and suggested that the Netherlands could learn from the U.S. in this area.

18. (SBU) Redouan Boussaid, Project Manager at the Amsterdam Network of Moroccan Entrepreneurs (MON) (www.mon-amsterdam.nl), argued that entrepreneurs of Dutch and ethnic origin largely faced the same problem in the Netherlands -- too much regulation. Nonetheless, ethnic businesses were more likely to use community and family networks to secure financing rather than approaching established financial institutions. Ethnic businesses also tended to turn to MON and ethnic-based consultancy firms for advice rather than established Dutch organizations.

IRAQIS - FOCUS ON EXPORTS AND PROJECTS TO IRAQ

19. (SBU) Ahmed Faraj, a former math teacher, left Iraq in 1979 and eventually made his way to the Netherlands, where he founded the Iraq Dutch Group (www.iraqdutch.com). The Group, with offices in Sassenheim in the Netherlands and Baghdad and Erbil in Iraq, brings together some 15 Dutch and

international companies focused on exporting to Iraq and developing infrastructure projects in Iraq in agriculture, electricity, construction, health care, and oil and gas sectors.

¶10. (SBU) Faraj said his group's efforts to export products and projects to Iraq represented a more traditional focus of ethnic businesses in the Netherlands. Like others we spoke with, he offered that ethnic businesses were often at a disadvantage in the Netherlands when trying to cope with complex regulations and language barriers. Many ethnic Iraqi businesses found it difficult to break into established Dutch markets and thus sought opportunities outside the Netherlands or sold goods and services on the black market.

AFGANIS - REBUILDING THE HOME COUNTRY

¶11. (SBU) Ehsan Turabaz, a Senior Sales Manager for IKEA in Delft and Honorary Consul of Afghanistan in The Hague, formed the Netherlands-Afghanistan Business Council (NABC) three years ago (www.handelsbevoorordering.nl). NABC, with Turabaz as chairman, works under the umbrella of the Netherlands Council for Trade Promotion to facilitate Dutch trade and private-sector investment in Afghanistan. With the Afghanistan Investment Support Agency and the Dutch Ministries of Development and Economic Affairs, NABC is planning a trade mission to Afghanistan this spring. Like the Iraq Dutch Group, NABC activities currently focus on export and project development in Afghanistan.

¶12. (SBU) Turabaz, who left Afghanistan some 25 years ago, views himself as ethnic businessman who has successfully integrated into the Dutch business community while maintaining ties with his country of origin. He acknowledged that this path has not been so easy for other ethnic Afghans. One of NABC's projects is to send two or three young, well-educated ethnic Afghans back to Afghanistan each year to help rebuild the country.

----- DUTCH BUSINESS ASSOCIATIONS ALSO REACHING OUT -----

VNO-NCW - USING EXISTING DUTCH SALES NETWORKS -----

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¶13. (SBU) The Confederation of Netherlands Industry and Employers (VNO-NCW) is the Netherlands' largest employers association, representing over 115,000 companies (www.vno-ncw.nl). Merdan Yagmur, an ethnic Turkish Kurd who came to the Netherlands 15 years ago, has overseen VNO-NCW's "New Entrepreneurship" outreach program for the last three years. He estimated that 30 percent of all new entrepreneurs in the Netherlands are of non-Western origin. This figure is higher in cities such as The Hague (52 percent), Rotterdam (45 percent), and Amsterdam (38 percent).

¶14. (SBU) While many Dutch secondary school graduates tend to seek jobs with large, established companies, Yagmur noted that ethnic Muslim graduates are more likely to create or join start-ups. Controlling one's own company, even if small, was a status symbol within many ethnic communities. Ethnic entrepreneurs often saw business opportunities that escaped others. To take risks, fail and start over again was also acceptable and not necessarily a sign of failure.

¶15. (SBU) Through its outreach program, VNO-NCW hoped to tap into the growing number of ethnic entrepreneurs in the Netherlands and show them the benefits of belonging to an established business association like VNO-NCW, with links to existing Dutch sales networks. Yagmur argued that business associations organized along ethnic lines tended to fail and

often only succeeded in further isolating these businesses. All entrepreneurs, whether of Dutch or other origin, shared the same goal of wanting to make a profit.

MKB - ENSURING GOOD ADMINISTRATIVE PRACTICES

¶16. (SBU) MKB-Nederland represents some 186,000 small- and medium-sized enterprises (SMEs) in the Netherlands (www.mkb.nl). About three years ago, Project Leader Lia Smit explained, MKB began to seek out ethnic businesses as members. MKB's initial efforts to form branch associations along ethnic lines (Turkish, Moroccan, Surinamese) largely failed. Its efforts now focus on drawing ethnic SMEs into existing professional groupings.

¶17. (SBU) Smit argued that Dutch and ethnic SMEs largely shared the same goal -- to reduce the costs of complying with business regulations and laws. That said, she acknowledged that a lack of understanding of these regulations and inadequate administrative frameworks (accounting, budgetary, and marketing practices) were often more critical issues for ethnic SMEs. Under a "New Entrepreneurship Action Plan" announced by the GONL last summer, the MKB will offer projects/courses specifically targeting ethnic entrepreneurs in such areas as accounting and budget procedures, fiscal and tax policies, and hygienic regulations (food services).

¶18. (SBU) Another possible "Aging" project would establish a mentoring program for new ethnic entrepreneurs by coupling them with Dutch business owners who are looking to retire and sell their operations. Under this program, the former owner would work with and advise the new ethnic owner for a year. MKB hopes that such a program will help to introduce new ethnic entrepreneurs into existing Dutch business circles/networks while also educating Dutch businessmen in the value of working with ethnic businessmen.

COMMENT - A MULTICULTURAL BUSINESS COMMUNITY

¶19. The increase in ethnic Muslim entrepreneurs and related business organizations signals the start of a more multicultural business community in the Netherlands. Nonetheless, a lack of language skills, limited access to information and understanding of Dutch business regulations and requirements, and discrimination remain barriers to the full integration of ethnic Muslim businesses. New ethnic-based business associations and established employers associations alike are beginning to address these issues.

BLAKEMAN